

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TOKYO PRIORITY

USLO PEKING

INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS

TREASURY

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

USSAGE NAKHON PHANOM

CINCPAC HONOLULU HI

COGARD

XMT AMEMBASSY SUVA

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COGARD FOR POLAD

E.O. 11652: N/A

TAGS: PFOR, XC, US

SUBJECT: NOVEMBER 29 EA PRESS SUMMARY

1. CHINA - SECRETARY'S VISIT

WIRE SERVICES CARRY TEXT OF BRIEF COMMUNIQUE WITH

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WORD OF PRESIDENT TRIP FOR 1975.

ALL MEDIA COVER SECRETARY'S FAREWELL PEKING BANQUET,
WITH GENERALLY SIMILAR COMMENTS THAT LITTLE FORWARD
MOTION TOWARDS NORMALIZATION ACHIEVED DURING VISIT.

LELYVELD (NYT) QUOTED HAK'S TOAST REMARKS THAT HE HAD "A BETTER UNDERSTANDING" OF PRC VIEWPOINT AND WOULD TAKE IT "SERIOUSLY INTO ACCOUNT IN CONDUCTING OUR FOREIGN POLICY." BUT CHIAO'S TOAST SEEMED UNUSUALLY TERSE AND UNDERSTATED, WITH NO MENTION OF PROGRESS. ALL NOTE THAT HAK, NOW IN SOOCHOW, WILL APPARENTLY LEAVE CHINA WITHOUT SEEING MAO. LELYVELD SAYS IF HAK FAILS TO SEE MAO, WHO HAS RECENTLY RECEIVED OTHER FOREIGN LEADERS, DIPLOMATIC SPECULATION ABOUT CHINESE DISPLEASURE INEVITABLY WILL INTENSIFY.

TREWHITT (SUN) SAID FORMAL DISCUSSIONS ENDED WITHOUT VISIBLE PROGRESS TOWARDS CLOSER TIES, AND HAK SAID IN TOAST THAT HE WAS LEAVING WITH "A FEELING OF

SUBSTANTIVE SATISFACTION"; BUT NO SUCH CLAIM WAS MADE BY CHIAO. TREWHITT SAYS JOINT COMMUNIQUE WILL CONTAIN NO SURPRISES, BUT ABSENCE OF ANNOUNCED AGREEMENTS DID NOT MEAN ABSENCE OF SUBSTANCE IN DISCUSSIONS. US OFFICIALS INDICATED (TO TREWHITT AND OTHERS) THAT AGREEMENT IS NEAR ON ISSUE OF CLAIMS AND ASSETS, AND PROBLEM IS NOW MORE A LEGAL AND TECHNICAL ONE FOR US. TREWHITT REPORTS CHINESE SOURCES SAID CHIAO AND TENG "WERE EAGER" TO ADVANCE BEYOND LIAISON OFFICES TO FORMAL DIPLOMATIC RELATIONS; TO ACCOMPLISH THAT THEY WANTED US TO GO FURTHER TOWARDS SEVERING RELATIONS WITH TAIWAN. BUT OBERDORFER, TREWHITT AND LELYVELD QUOTE A SENIOR US OFFICIAL ON WAY OUT OF GREAT HALL AS DISCOUNTING THE TAIWAN ISSUE, SAYING THERE'S NO GREAT PRESSURE FROM CHINESE SIDE, AND "WE'RE NOT PUSHING IT. WHY SHOULD WE"?

OBERDORFER (WP, PHINQ) SEES NO PROGRESS TOWARD AGREEMENT ON STICKY TAIWAN QUESTION, AND NO MAJOR BREAKTHROUGH IN OTHER ASPECTS OF US-PRC RELATIONS. JUDGING FROM TONE OF TOASTS AND GUARDED CHITCHAT OF US OFFICIALS, UNCLASSIFIED

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WHILE ENTHUSIASM QUOTIENT DISPLAYED BY CHINESE LEADERS IN PRESENCE OF JOURNALISTS WAS NOT VERY HIGH, NEITHER WAS THERE ANY OPEN SIGN OF CRITICISM OF HAK OR HIS MISSION.

KEATLEY (WSJ) SAYS HAK LEAVES CHINA APPARENTLY SATISFIED THAT RELATIONS ARE GOOD ENOUGH AND GETTING BETTER. RESOLUTION OF THE ASSETS-CLAIMS ISSUE (WHICH US SOURCES SAY CANNOT BE ANNOUNCED UNTIL COMPLEX LEGAL QUESTIONS IN US ARE SETTLED) WILL HAVE A PRACTICAL IMPACT ON RELATIONS, MAKING PRC ELIGIBLE FOR MFN TARIFF TREATMENT AND USG CREDIT, AND PERMIT CHINESE SHIPS AND PLANES COME TO US WITHOUT RISK. CHINESE OFFICIALS HAVE INDICATED THEY WOULD LIKE TO

EXTEND CANADA AIR ROUTE TO NEW YORK. KEATLEY NOTES THAT TWO WIDELY EXPECTED THINGS DID NOT HAPPEN: MEETING WITH MAO, WHICH MAY HAVE BEEN MORE FOR HEALTH THAN POLITICAL REASONS, SINCE MAO ISN'T ALWAYS WELL ENOUGH TO SEE CALLERS; AND ON TAIWAN, THE CHINESE DID NOT PRESS HARD, SO ISSUE REMAINS UNCHANGED AND UNRESOLVED.

CSM'S JOE HARSCH SAYS VISIT WAS COMFORTABLE BUT NOT EXCITING. THAT THERE WERE A NUMBER OF HOUSEKEEPING ISSUES TO DISCUSS SHOWS THAT USJAPRC RELATIONS HAVE SETTLED DOWN TO NORMAL ROUTINE. VISIT IS PROBABLY MOST IMPORTANT AS AN OPPORTUNITY FOR HAK TO GET A LINE ON WHAT IS HAPPENING TO THE CHINESE LEADERSHIP,

AND FOR THEM TO DO THE SAME ABOUT POLITICAL CHANGES IN WASHINGTON. HARSCH SAYS TRULY INTERESTING FACT ABOUT VISIT IS THAT RELATIONSHIP CONTINUES AND IS VALUABLE TO BOTH. TO US, IT IS TANGIBLE EVIDENCE THAT CHINA IS INDEED INDEPENDENT OF MOSCOW; TO CHINESE, IT IS ASSURANCE THAT DETENTE DOESN'T MEAN WHAT THEY USED TO FEAR--A SOVIET-US CONSPIRACY AGAINST CHINA. NYDN AND TRIB CARRY SEPARATE UPI STORIES. TRIB SAID BOTH SIDES DESCRIBED WEDNESDAY TALKS AS VERY FRIENDLY, BUT SIGNS INDICATED "SOMETHING MORE THAN SIMPLE CORDIALITY GOING ON." NYDN'S LATER VERSION COVERED FAREWELL BANQUET AT WHICH ONLY TURKEY WAS IN THE UNCLASSIFIED

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STRAW, AND ALSO QUOTED US OFFICIALS SAYING THAT CHINESE NOT EXERTING ANY GREAT PRESSURE ON TAIWAN.

IN WP'S STYLE SECTION, OBERDORFER SAID BANQUET WAS PROBABLY THE LEAST CONVENTIONAL THANKSGIVING DAY DINNER EVER SPONSORED BY US.

SPEAKING OF CHINA TRIPS, SHIRLEY MCLAINE TELLS WP'S AARONS OF HER 1973 MIND-BLOWING EXPERIENCE IN CHINA, CONTRASTED WITH DESPAIR AND CORRUPTION IN AMERICA. EVERYONE ON HER WOMEN'S DELEGATION CAME BACK WITH FEELING OF HOPE THAT HUMANS CAN DO ANYTHING IF THEY DISCIPLINE SELVES AND TRUST EACH OTHER...."THEY'RE MAKING IT WORK, AND THEY WON'T ALLOW CYNICISM TO CREEP INTO THEIR VALUES." HER BOOK AND FILM ON CHINA WILL BE OUT SOON.

2. KOREA

NYT SEOUL REPORTS ABOUT 2,000 VETS, LED BY 70 RETIRED GENERALS, STAGED DEMONSTRATION (CALLED "GOVT-SPONSORED" BY OPPOSITION) NOV 28 IN SUPPORT OF PRESENT CONSTITUTION. VETS MARCHED TO CITY HALL SQUARE AND BROKE THROUGH LIGHT

POLICE CORDON; SEVERAL TEAR-GAS GRENADES THROWN BUT RIOT POLICE WERE OVERWHELMED. DEMONSTRATION ALSO UNDERTAKEN IN REACTION TO ESTABLISHMENT OF OPPOSITION-ORIENTED NATIONAL COUNCIL FOR PROTECTION OF DEMOCRACY. ROKG HAD BEEN JOLTED BY FORMATION OF THIS ORGANIZATION BECAUSE IT INCLUDES NEARLY ALL SOUTH KOREA'S CIVIC LEADERS AND ELDER STATESMEN. MAJOR POLITICAL QUESTION NOW IS WHETHER ROKG'S REACTION WILL BE LIMITED TO SUCH PERSUASION, OR WILL INCLUDE HARSH CRACKDOWNS.

3. INDOCHINA

3. INDOCHINA

BY 56-54 WITH 24 ABSTENTIONS, UNGA VOTES NOT TO OUST GKR, CALLS ON ALL POWERS "INFLUENCING THE TWO PARTIES" TO WORK TOWARD ENDING CAMBODIAN CONFLICT. WSJ SAYS VOTE MAY STABILIZE GKR AND IMPROVE CHANCES FOR NEGOTS WITH INSURGENTS WHILE DIMMING SIHANOUK'S CHANCE
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OF REGAINING LEADERSHIP. AP REPORTS (PHINQ, SUN) VOTE CLIMAXED TENSE NINE-HOUR SESSION, STAVED OFF CHINESE AND THIRD-WORLD DRIVE. DIPLOMATS IN PP SAY VOTE'S MOST IMPORTANT EFFECTS WOULD BE TO STABILIZE GOVT AND CREATE FAVORABLE CLIMATE FOR NEGOTS, BUT

"SOURCES" STATE THEY DO NOT EXPECT RESOLUTION TO BRING EARLY END TO WAR. REBEL RADIO EMPHASIZES THAT INSURGENTS ARE DETERMINED TO PRESS ON TO MIL VICTORY. ASIAN DIPLOMATS SAY UN ACTION MAKES SIHANOUK "A TWO-TIME LOSER," STRENGTHENS LON NOL'S HAND. MANY INSURGENT SUPPORTERS HAVE SWITCHED FROM SIHANOUK TO HANOI-LEANING FACTION AND REBEL PROPAGANDA HAS PICTURED SIHANOUK AS "VESTIGE OF THE OLD CORRUPT WAYS".

HOFMANN (NYT) AT UN SAYS MOST DIPLOMATS IN CORRIDORS DISCUSSING ASIAN, AFRICAN AND ARAB SPLIT ON CAMBODIA VOTE CITED MISGIVINGS ABOUT CHINA'S INTENTIONS IN CAMBODIA BY INDO, JAPAN, PHILS AND THAILAND AS MAIN REASON. "REMARKABLE RESTRAINT" BY SOVIET BLOC AND VIGOROUS LOBBYING BY US AND ALLIES ALSO SEEN AS IMPORTANT FACTORS. CHINA'S HUANG HUA, IN POST-VOTE STATEMENT "OF MORE THAN USUAL HARSHNESS," SAID THAT EVEN IF LON NOL CLIQUE IS ABLE TO HANG ON IN UN IT COULD NOT HOPE TO ESCAPE DOOM DESPITE RESOLUTION "CONCOCTED BY A SUPERPOWER."

WP'S FENTON AT PP SAYS US OFFICIALS HOPE THIRD PARTIES MIGHT NOW BRING PRESSURE ON COMMUNISTS TO MAKE PEACE BUT ASIANS SKEPTICAL ABOUT POSSIBILITY: JAPANESE OFFICIAL SAYS AS LONG AS COMMUNIST MIL STRENGTH GROWS, TIME IS ON THEIR SIDE; ANOTHER

ASIAN DIPLOMAT SAYS US "HAS ALREADY GIVEN PHNOM PENH
A DEADLINE FOR BEGINNING THE NEGOTIATIONS.; FENTON
SAYS NEVER ENTIRELY CLEAR IF UN SEAT LOSS WOULD HAVE

MEANT SEVERE DISADVANTAGES FOR GKR SINCE APART FROM
MOSTLY WAR-SUSPENDED UN DEVELOPMENT PROJECTS, ONLY
IMMEDIATE CASUALTY WOULD HAVE BEEN EXCHANGE SUPPORT
FUND. OTHER POSSIBLE CASUALTY, LONG BORET, NOW SAFE
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AND WILL PROBABLY RETURN SHORTLY TO FORM NEW CABINET.
BUT PP INHABITANTS PESSIMISTIC ABOUT PROPOSED PEACE
TALKS. STUDENTS IN INTERVIEW SAID MAIN OBSTACLE TO
PEACE IS LON NOL GOVT, THOUGHT UN VOTE HAD CHANGED
NOTHING, AND SAW NO WAY OUT OF IMPASSE. REUTER PEKING
REPORTS SIHANOUK REJECTS NEGOTS WITH LON NOL GOVT,
ISSUED STATEMENT SAYING THAT CALL FOR TALKS WAS TO
"SAVE THE SKIN OF U.S. IMPERIALISM IN PHNOM PENH

AND OF ITS VILE LACKEY, THE SO-CALLED KHMER REPUBLIC."

NYT'S SCHANBERG IN PP SEES GKR OFFICIALS RELIEVED BY
UN VOTE, AS WERE "NERVOUS WEALTHY PEOPLE," BLACK-
MARKET MERCHANTS AND CORRUPT HIGH OFFICIALS WHO
"RELAXED A LITTLE WITH THE KNOWLEDGE THAT THEY CAN
CONTINUE THEIR ACTIVITIES." SAYS UN VOTE CHANGED
NOTHING IN PP AND MORALE REMAINS LOW, WITH POOR AND
MOST OTHERS HAVING ALMOST NO REACTION. MANY FOREIGN
DIPLOMATS BELIEVE "NEGATIVE VICTORY" KEPT PP REGIME
FROM COLLAPSE IN SHORT TERM, BUT SHARP ECON DETERIORATION
IS MAKING THINGS WORSE THAN EVER ACCORDING TO ONE.
STRATEGIC MIL SITUATION CHANGES LITTLE AS BATTLES CONTINUE
AND CASUALTIES MOUNT. SCHANBERG OPINES THAT NEXT GKR
HURDLE IS US CONGRESS THAT SEEMS DETERMINED TO CUT AID.

AIRLINE OFFICIALS REPORT AIR CAMBODGE CARGO DC-4
CRASHED IN VC ZONE 60 MILES NORTH OF SAIGON, WITH
FIVE-MAN CREW KILLED, AND THAT PLANE WAS POSSIBLY
HIT BY HEAT-SEEKING MISSILE (AP NYT, WP, SUN; PHINQ).

THIEU ANNOUNCES SIX CABINET APPOINTMENTS. MOST
SIGNIFICANT IS HARVARD-EDUCATED NGUYEN VAN HOA
AS DEPUTY PM FOR ECON DEVELOPMENT. HOA SAID TO
BE ECON MAVERICK WHO FAVORS FREE MARKET AND RELAXATION
OF RESTRICTIONS (AP, SUN), IS NOW FINANCIAL CZAR
IN CHARGE OF REVITALIZING ECONOMY (PHINQ). ALL
APPOINTEES REGARDED AS STRONG PRO-THIEU MEN AND
ENTRY INTO CABINET NOT BELIEVED LIKELY TO QUIET
CRITICS (AP,WP).

WP'S MCCOMBS IN SAIGON SEES IMPORTANT CABINET POSTS
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FILLED WITH "LOYAL TECHNICIANS," QUOTES OBSERVERS THAT NEW INFO MINISTER CHAM EXPECTED TO CONTINUE NHA'S RIGOROUS CENSORSHIP POLITICS. SAYS OBSERVERS STATE THAT APPOINTMENTS DELAYED BECAUSE MOST CANDIDATES FOR INFO MINISTER WANTED FREE HAND TO ENACT LIBERALIZING REFORMS AND PM KHIEM FAVORED SUCH A MOVE, BUT THIEU WAS ADAMANT INSISTING THERE BE NO SLACKENING IN PRESS POLICY.

NYT'S MARKHAM IN SAIGON SAYS CABINET REALIGNED WITH ADDITION OF "LITTLE-KNOWN" MEMBERS, SEES HOA AND CHAM APPOINTMENTS AS APPARENT GAINS FOR KHIEM IN "SIMMERING FEUD" WITH THIEU, BUT BELIEVES REALIGNMENT DOES NOT SIGNAL DRAMATIC DEPARTURES FROM ESTABLISHED POLICIES, OR HOPE FOR OPPOSITION. EXPECTS CHAM TO PURGE SOME OF NHA'S MEN FROM INFO MINISTRY.

ANTI-THIEU RCS FAIL TO MUSTER STRENGTH FOR SAIGON MARCH, BREAK UP IN CONFUSION BECAUSE OF POLICE PRECAUTIONS. ESTIMATED 3-4000 DEMONSTRATORS SHOWERED RIOT POLICE WITH STONES NEAR TAN SON NHUT AREA CHURCHES BUT WERE CONTAINED BY BARBED WIRE AND HIT WITH PIECES OF STEEL WIRE FIRED BY POLICE WITH SLINGSHOTS. AT LEAST 40 INJURED ON BOTH SIDES. OFFICIALS LATER ORDERED DOWNTOWN BARRICADES REMOVED (UPI, NYDN). MASSIVE POLICE CORDON SHUTS OFF DOWNTOWN AREA, ISOLATES VIOLENCE (PHINQ). DEMONSTRATIONS CALLED TO PROTEST TRIAL OF THREE PAPERS CHARGED WITH SLANDERING THIEU; TRIAL POSTPONED UNTIL FEB 20 (AP, SUN). WP'S MCCOMBS ESTIMATES DEMONSTRATORS AT 6000, SAYS ONE OPPOSITION DEPUTY BEATEN BY POLICE. QUOTES REV THANH IN SPEECH THAT MOVEMENT WILL NOT SPONSOR FURTHER ANTI-GOVT RALLIES OR MARCHES UNTIL DEC 15.

NYT'S MARKHAM DESCRIBES DEMONSTRATION, NOTES THAT OVERWHELMING POLICE PRESENCE PREVENTED MOST OF WOULD-BE PROTESTERS FROM HEEDING REV THANH'S CALL TO MARCH DOWNTOWN. POINTS OUT THAT PART OF ACTION TOOK PLACE IN AREA INHABITED MAINLY BY ONETIME RESIDENTS OF NVN; POLICE USED TEAR GAS AND PLAINCLOTHSMEN FIRED SLINGSHOTS. SAYS GVN MOBILIZED ALMOST ENTIRE 30,000-MAN SAIGON UNCLASSIFIED

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POLICE FORCE, SPECIAL COMBAT POLICE FORCES, AND CADETS TO CONTAIN "RELATIVELY SLIM THREAT." MARKHAM AND MCCOMBS BOTH NOTE THAT TRIAL POSTPONED AGAIN.

4. JAPAN

NYT'S BUTTERFIELD IN TOKYO REPORTS JAPANESE TASK FORCE OF PLANES, DESTROYERS AND A SUBMARINE TOWING OUT 300 MILES AND SINKING TANKER WHICH COLLIDED WITH FREIGHTER NOV 9 IN TOKYO BAY. SOME OPPOSITION DIET MEMBERS PROTESTED OPERATION AS MISUSE OF SELF-DEFENSE FORCES.

UPI TOKYO (CHITRIB) REPORTS RAILWAY WORKERS, AIRLINE EMPLOYEES, AND MAILMEN BEGAN 48 HOUR STRIKE ON NOV 27, INCREASING PRESSURE ON LDP TO COME UP WITH SUCCESSOR TO TANAKA. UPI (PHINQ) REPORTS STRIKE CALLED OFF 20 HOURS AHEAD OF SCHEDULE.

5. PHILS

TYPHOON IRMA HITS LUZON WITH WINDS UP TO 115 MPH, KILLS AT LEAST ONE, DESTROYS HOMES AND BATTERS SHIPS IN MANILA BAY (PHINQ; AP, NYT).

LOPEZ AND OSMENA END FAST PROTESTING TWO YEARS' IMPRISONMENT WITHOUT TRIAL (AP, NYT). WIVES SAY FAST ENDED BECAUSE IT SUCCEEDED IN BRINGING ATTENTION TO CASE (WP).

6. INDONESIA

ADB ANNOUNCES 37 MILLION DOL LOAN TO ESTABLISH CEMENT PLANT IN SUMATRA (UPI, JOC).

7. AUSTRALIA

CSM'S TOOHEY IN SYDNEY (11/27) NOTES LIFTING OF URANIUM EXPORT EMBARGO AND INCREASED INCENTIVES TO FARMERS IN LINE WITH RECOGNITION OF INCREASINGLY INTERDEPENDENT NATURE OF WORLD ECONOMY. BUT GOA ALSO IMPOSED NEW IMPORT QUOTAS ON TEXTILES AND FOOTWEAR, AND TARIFFS UNCLASSIFIED

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ON MOTOR VEHICLE IMPORTS, UNDER PRESSURE BY BUSINESS AND UNIONS. DECISION TO ALLOW URANIUM EXPORTS, FROZEN SINCE DEC '72, WAS PROMPTED BY TANAKA VISIT, AS WERE PROMISES FOR MAJOR INCREASES IN SUPPLIES OF COAL. TO ENCOURAGE WHEAT PLANTING, GOA REMOVED QUOTAS ON PRODUCTION AND INCREASED INITIAL DELIVERY PAYMENT. MOVE SEEN IN LINE WITH HAK PROPOSALS AT ROME FOOD CONFERENCE FOR GRAIN-RESERVE SYSTEM. ON SUGAR, SOME RELAXATION OF RESTRICTIONS EXPECTED.

JOC'S STOVE IN SYDNEY DESCRIBES RECENTLY-ADOPTED SAFEGUARDS FOR AUTO INDUSTRY INTRODUCED BY WHITLAM. BELIEVES THEY WILL PROMOTE RESTRUCTURED AND MORE EFFICIENT INDUSTRY WITH AUSSIE CARS CHEAPER AND IMPORTS MORE EXPENSIVE. MOVE MADE TO COUNTER

COMPETITION FROM IMPORTS THAT SQUEEZE GM, FORD AND CHRYSLER PLANTS AND ARE FORCING COUNTRY'S FOURTH PRODUCER, BRITISH LEYLAND, TO CLOSE LOCAL PRODUCTION BY YEAR'S END. MOST IMPORTS ARE FROM JAPAN.

AP CANBERRA NOTES THAT ONE OF WORLD'S MOST LIBERAL DIVORCE LAWS HAS PASSED UPPER HOUSE AND IS CONSIDERED CERTAIN TO BECOME LAW. BILL ALLOWS NO-FAULT DIVORCE AFTER YEAR'S SEPARATION, ALSO WILL SET UP SYSTEM OF FAMILY COURTS TO HANDLE DIVORCE, ALIMONY, CHILD CUSTODY AND RELATED MATTERS (PHINQ).

COMMENT AND ANALYSIS

8. JAPAN

SUN'S SEIDEN IN TOKYO BRIEFLY REVIEWS TANAKA'S CLIMB TO TOP. NOTES THAT BEFORE RESPECTED JOURNAL RECENTLY PUBLISHED UNPRECEDENTED INVESTIGATIVE REPORT ON HIS FINANCIAL BACKGROUND, TANAKA HAD BEEN INVOLVED IN CHARGES OF BRIBERY AND CORRUPTION ON TWO PREVIOUS OCCASIONS. BY RESIGNING, TANAKA HOPES TO AVOID FURTHER INVESTIGATION OR PROSECUTION, AND IS LIKELY TO REMAIN A POWERFUL VOICE WITHIN LDP.

CSM'S SOUTHERLAND SEES FUKUDA AND OHIRA AS LEADING UNCLASSIFIED

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CONTENDERS TO SUCCEED TANAKA. UNDER EITHER, JAPAN CAN BE EXPECTED TO MAINTAIN BROAD LINES OF ITS CURRENT POLICY. OHIRA WAS DEEPLY INVOLVED IN PROCESS OF NORMALIZING SINO-JAPANESE RELATIONS, AND IF HE GETS THE PREMIERSHIP HE CAN BE EXPECTED TO CONTINUE TO PUSH FOR BETTER RELATIONS WITH CHINA. FUKUDA IS IDENTIFIED WITH LDP MEMBERS WHO FELT THAT JAPAN MOVED TOO SWIFTLY TO ESTABLISH GOOD RELATIONS WITH PEKING AND SACRIFICED TOO MUCH IN RELATIONS WITH TAIWAN. AS PM, HE WOULD NOT BE EXPECTED TO REVERSE NORMALIZATION PROCESS WITH CHINA, BUT IT MIGHT SLOW DOWN A BIT.

LAT'S JAMESON IN TOKYO (NOV 27) OBSERVED NO FEELING OF CELEBRATION IN JAPAN WHEN TANAKA RESIGNED NOV 26. CITES MIKI, WHO GIVEN AN OUTSIDE CHANCE TO SUCCEED TANAKA, THAT "THIS IS THE BIGGEST CRISIS SINCE THE END OF WORLD WAR II FOR CONSERVATIVE FORCES. GAUGING POPULAR REACTION TO TANAKA RESIGNATION, JAMESON NOTES AVERAGE JAPANESE REACTING WITH SENSE OF HOPELESSNESS. TV INTERVIEWS OF SHOPPERS AND WORKERS PRODUCED ALMOST UNANIMOUS CRY OF "NOTHING WILL CHANGE" NO MATTER WHO IS NAMED PM. SOME SAID POLITICAL DEMISE OF TANAKA 'MEANT NOTHING' TO THEM. BUT THERE IS NO SENSE OF RECRIMINATION AGAINST TANAKA HIMSELF. CITES

ASAHI CALLING TANAKA A "SYMBOLIC SCAPEGOAT" OF
"POLITICS IS MONEY" CHARACTER OF LDP AND OF JAPAN'S
POSTWAR RUSH-TO-RICHES ECON POLICY WHICH WAS
PURSUED UNTIL OIL CRISIS STRUCK.

IN CONTEXT OF TANAKA RESIGNATION, CSM SAYS TO DEGREE
WATERGATE HEIGHTENS DEMAND FOR INTEGRITY ANYWHERE,
ITS ORDEAL FOR AMERICANS HAS A SAVING ELEMENT. NOTES,
HOWEVER, THAT AS TANAKA'S DOWNFALL ALSO INVOLVED
WORSENING ECON PROBLEMS HE WAS UNABLE TO SOLVE, THERE
WILL BE NEED FOR HIS SUCCESSOR TO FOLLOW THROUGH
ON CONSTRUCTIVE NATIONAL "ACTION" TANAKA ORIGINALLY
PROMISED. AND THE LESSONS OF TANAKA'S "WATERGATE" -
INCLUDING SOLICITATION OF ENORMOUS CONTRIBUTIONS AND
THE ROLE OF THE PRESS IN AROUSING THE PUBLIC - SHOULD
BE REMEMBERED IN A LAND WHERE TIES BETWEEN POLITICIANS

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AND PRESS AND BETWEEN BUSINESS AND GOVT HAVE APPEARED
TO FOSTER AN INSENSITIVITY TO OFFICIAL LAPSES.
MEANWHILE, LDP PROVIDES AT LEAST SHORT-RANGE STABILITY
DURING TRANSITION PERIOD. LIKE ENTRENCHED RULING
PARTIES ELSEWHERE, HOWEVER, IT FACES LONG-TERM CHALLENGE
OF CHANGE. WHOEVER ITS NEW LEADER PROVES TO BE, A
HIGH DEGREE OF FLEXIBILITY AND RESPONSIVENESS WILL BE
REQUIRED.

9. NARCOTICS

FROM HK, CHALKLEY (CSM) REPORTS THAT LATEST SEIZURE
OF 2300 POUNDS OF RAW OPIUM AND 100 POUNDS OF MORPHINE,
AND DISCOVERY OF 200 GALLONS OF ACETIC ANHYDRIDE
ABOARD JAPANESE FREIGHTER IN HK WAS FIRST INDICATION
THAT AUTHORITIES HAVE PIERCED COMMUNICATIONS LINES
IN REGIONAL DRUG THEATER. AMOUNT OF ANHYDRIDE DIS-
COVERED WAS SUFFICIENT TO PROCESS SEIZED SHIPMENT
OF OPIUM. JUST AS IMPORTANT, BOTH OPIUM AND CHEMICAL
WERE SEIZED EN ROUTE TO HK. MOST PREVIOUS SWOOPS
OCCURRED AT LATER STAGES IN MANUFACTURING. IF, THROUGH
INTERNATIONAL COOPERATION, LOCAL AUTHORITIES HAVE AT
LAST MANAGED TO SECURE ADVANCE INFO ON MOVEMENT OF
RAW MATERIALS TO HK'S QUICKLY-MOBILE PROCESSING CENTERS,
POLICE WILL BE ABLE TO PLAN RAIDS WITH MUCH GREATER
CERTAINTY AND EFFECT. THERE IS LITTLE DOUBT IN HK
THAT LATEST COUP IS RESULT OF VISITS TO THAILAND BY
SENIOR HK NARCOTICS AGENT.

DRUGS CAN BE NOT ONLY A BIG FREE-ENTERPRISE CRIMINAL
BUSINESS AND SOCIAL THREAT; THEY CAN ALSO REPRESENT
DELICATE POLITICAL PRESSURE POINTS. HK LAW ENFORCEMENT
SOURCES HINT THAT CHEMICAL SUPPLY LINE IS ORGANIZED -

AT LEAST IN PART - BY KOREAN OPERATIVES IN JAPAN, AND THAT THIS IS ANOTHER COMPONENT IN TENSE RELATIONS BETWEEN SEOUL AND TOKYO. PEKING, STUNG BY ACCUSATION THAT COMMUNISTS HAVE BEEN GOING SLOW ON ANTI-NARC ACTION, PERHAPS EVEN ENCOURAGING IT, SEEMS TO BE TAKING STRONG ACTION IN COASTAL WATERS AROUND HK. BUT DRUG-RUNNERS ARE NOT THEIR MAIN QUARRY. THEY ARE THERE PRIMARILY TO NAB RUNAWAYS SEEKING HK'S BRIGHTER LIGHTS.
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10. THAILAND

PHINQ WRITERS BARTLETT AND STEELE CONTINUE SERIES CRITICIZING US FOREIGN AID PROGRAMS, CHARGING THEY HAVE PROVED TO BE A SOURCE OF VERY PROFITABLE DEALS FOR A SELECT GROUP OF BUSINESSMEN, GOVT OFFICIALS

AND WEALTHY FAMILIES IN LESS-DEVELOPED COUNTRIES, AS WELL AS A SELECT GROUP OF AMERICANS, INCLUDING SPECIFICALLY HENRY KEARNS. CITE CASE OF SIAM KRAFT PAPER COMPANY AS PIECED TOGETHER FROM COURT RECORDS IN WASHINGTON AND NEW YORK, AND FROM LEGAL DOCUMENTS AND INTERVIEWS IN BANGKOK. ALSO REFER TO NORTHROP PROPOSAL TO BUILD AND OPERATE NEW AIRPORT IN THAILAND.

11. BURMA

FINANCIAL TIMES SERVICE BANGKOK (CSM NOV 27) RECOUNTS MEASURES TAKEN BY BURMESE GOVT AGAINST DRUG TRADE, NOTING THAT IN PAST, GOVT HAS POINTEDLY IGNORED SMUGGLING AND HAS BEEN KNOWN TACITLY TO ENCOURAGE IT. ONE THEORY FOR CHANGE OF HEART IS THAT BURMESE ELITE, WHICH MADE UP MOSTLY OF MEMBERS OF ARMED FORCES, HAVE BEEN SHOCKED TO FIND THEIR OWN SONS AND DAUGHTERS TAKING HEROIN. BUT DECISIVE FACTOR IN CHANGE TO TOUGHER LINE WAS PROBABLY US PRESSURE; AN ESTIMATED 70 PERCENT OF HEROIN IN US ORIGINATES FROM "GOLDEN TRIANGLE." IT IS TOO EARLY TO KNOW EFFECT OF BURMA'S ANTI-DRUG MOVES HAVE HAD ON TRAFFIC. ADDING THAT THERE IS REALIZATION AMONG US OFFICIALS AND OTHERS THAT THEY WILL NEVER QUASH NARC TRADE UNTIL SUBSTITUTE CROPS ARE FOUND FOR GROWERS, FOR WHOM POPPY CULTIVATION OFTEN IS ONLY SOURCE OF INCOME. BOTH BURMESE AND US GOVTS HAVE ENTHUSIASTICALLY BACKED UN SCHEME FOR CROP SUBSTITUTION, BUT DESPITE FIVE MILLION DOLLAR ALLOCATIONS, LITTLE HAS BEEN DONE; UN TEAMS HAVE BEEN PREVENTED FROM OPERATING AMONG OPIUM GROWERS BECAUSE OF DANGER FROM INSURGENTS.

ALSO IN CSM (11/29) DENZIL PEIRIS, REGIONAL EDITOR OF
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FE ECON REVIEW, NOTES RAPIDLY ACCELERATED SHATTERING OF BURMA'S SELF-IMPOSED ISOLATION BECAUSE OF ECON DIFFICULTIES - BREAKDOWN OF RICE DISTRIBUTION SYSTEM, LABOR STRIKES - AND FLOODS. BURMA HAS APPEALED FOR INTERNATIONAL COMMODITY LOANS TO IMPORT FOOD, MEDICINE, TEXTILES AND INDUSTRIAL RAW MATERIALS - A STIFF DOSE OF "INTERDEPENDENCE" FOR COUNTRY ATTEMPTING TO GO "THE BURMESE WAY TO SOCIALISM." MOST INDUSTRIES ARE NATIONALIZED - AN INEFFICIENT SYSTEM OF ECON MANAGEMENT ALSO CONTRIBUTING TO BURMA'S CHRONIC CRISIS. KEY INDUSTRIAL POSITIONS ARE HELD BY EX-ARMY OFFICERS. THEY AND CIVILIANS UNDER THEM LACK BUSINESS AND INDUSTRIAL EXPERTISE. POSSIBILITY OF DISMANTLING STATE ENTERPRISE IS NEVER CONSIDERED SINCE ARMY HAS VESTED INTEREST AND DRASTIC CHANGE WOULD BE ADMISSION OF REGIME'S FAILURE. INSTEAD OF CHANGE, NE WIN IS TRYING FOR STRONGER CONTROLS

BY SETTING UP A PYRAMID OF COMMITTEES TO CHECK ON WASTE, ABUSES, AND FOOT-DRAGGING. BUT SOME OF THESE "VIGILANTES" ARE SUSPECTED OF COLLUDING WITH DISTRIBUTION AGENCIES FOR PERSONAL BENEFIT.

OIL ALONG

WITH OTHER MINERAL RESOURCES IS BURMA'S BEST HOPE FOR ECON RECOVERY. THIS IS WHERE POLICY SHIFT HAS OCCURRED TO OPEN UP THE COUNTRY TO FOREIGN INVESTMENT. ALREADY, 12 OF 25 OFFSHORE ZONES THAT WERE MARKED OUT HAVE BEEN ASSIGNED FOR EXPLORATION AND EXPLOITATION TO FOREIGN FIRMS AND CONSORTIA. FOLLOWING INDONESIAN MODEL, ALL FIRMS WILL BE CONTRACTORS TO BURMESE STATE CORP, WHICH OWN THE RESOURCES. SOME OPPOSITION TO FOREIGN-INVESTMENT PROGRAM HAS BEEN RAISED WITHIN "JUNTA," BUT IS NOT SERIOUS. EVEN IF NE WIN SHOULD GO, RETURN TO CIVILIAN RULE IS UNLIKELY; ELEMENTS OPPOSING JUNTA ARE WEAK AND IN DISARRAY. BUT GOVT'S OVERRIDING PROBLEM REMAINS - HOW TO SUPPLY PEOPLE'S DAILY NEEDS BEFORE PUBLIC DISENCHANTMENT ERUPTS INTO MASS POPULAR OPPOSITION THAT COULD THROW NATION INTO TURMOIL. INGERSOLL

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